IPP

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INTERMOUNTAIN POWER PROJECT
A DEVELOPMENT OF INTERMOUNTAIN POWER AGENCY

June 22, 1983

Mr. Brent C. Bradford
Executive Secretary
Utah Air Conservation Committee
150 West North Temple
Salt Lake City, Utah 84110

Dear Mr. Bradford:

INTERMOUNTAIN POWER PROJECT
File 9255 32.0408

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Intermountain Power Project (IPP)
Revised Request for Information

This is in response to your letter dated June 8, 1983, requesting additional information pertaining to issuance of a modified air quality approval order for the IPP. The December 3, 1980 approval order is being modified to reflect the downsizing of the Project from four to two generating units and certain design refinements to the air emissions control equipment. These changes will result in substantially lower air emissions and air quality impacts than were contemplated by the original approval order.

The enclosures to this letter provide the requested information. Enclosure 1 is a report by KVB, Inc., Western Engineering Division, titled "Technical Evaluation of Alternative NOx Control Technologies". KVB is an engineering and consulting firm which is one of the most prominent authorities on NOx control technology for combustion sources. KVB's report includes emissions reduction evaluations, side-effect considerations, design details of the existing combustion modification techniques and technical background. Enclosure 2 is a report by Black and Veatch Consulting Engineers, the IPP Architect and Engineer, titled "Cost Analysis of Various NOx and SO_2 Control Technologies for the Intermountain Power Project". Black and Veatch is a prominent architectural and engineering firm, having designed more than 38,000 megawatts of new electric generating stations and about 20% of all utility air quality control system capacity contracted for since promulgation of the Clean Air Act. Black and Veatch's report includes the requested cost estimates and economic methodology description. Enclosure 3 is a report by KVB titled "NOx BACT Evaluation for Lynndyl Site Proposed Coal" which was previously submitted to the Environmental Protection Agency in their review concerning boiler slagging.

For SO_2 emissions, Enclosure 2 concludes that it would be extremely difficult, if not impossible, for any scrubbing system to remove 95% of SO_2 emissions on a long-term basis for the IPP. Moreover, to purchase, install and operate such a scrubbing system is estimated to cost $998 million if installed prior to commercial operation, and $1.118 billion if installed at a later time.

Enclosures 1 and 2 conclude that the NOx technologies about which you inquired are either not demonstrated or will not ensure further emission reductions for a plant like the IPP. Therefore, it is unclear whether they would achieve any significant reductions reliably, or any reductions at all, in the already very low NOx emissions for the IPP. Moreover, each of the technologies is shown to be extremely costly. For example, the cost of selective catalytic reduction is estimated to be $1.694 billion if retrofitted prior to commercial operation and $1.256 billion if retrofitted at a later time.

We are seriously concerned about the nature of your inquiry for several reasons. First, a new approval order condition requiring the use of any of the control technologies in your inquiry could be prohibitively expensive so as to jeopardize the economic feasibility of the IPP. Also, a new approval order condition of this type could change IPP's bond market rating and thus have a major adverse impact on IPP's ability to obtain financing at a reasonable cost. If either occurred, IPP could easily become too expensive to build and would have to be cancelled. This possibility would be extremely unfortunate since the IPP is planned to generate reliable and vital electrical energy from abundant, low-sulfur Utah coal, to provide economic benefits including the creation of thousands of new jobs within Utah, and to provide the highest degree of air emissions control consistent with reliable and economically feasible operation.

If you or your staff require any additional information, please contact Mr. Roger T. Pelote at (213) 481-3412.

Sincerely,

James H. Anthony

JAMES H. ANTHONY
Project Director
Intermountain Power Project

RTP:glh

Enclosures

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